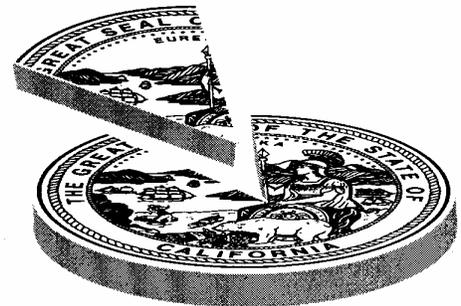




CDSS

CALIFORNIA
DEPARTMENT OF
SOCIAL SERVICES

Highlights of the 2007-08 Governor's Budget



January 2007

INTRODUCTION

This document provides a summary of significant budget and program changes proposed for the California Department of Social Services (CDSS) in Fiscal Year (FY) 2007-08. A more complete presentation of these proposals may be found in the Governor's Budget Summary 2007-08 and in the Governor's Budget 2007-08. These documents are available at the following Department of Finance web page, <http://www.dof.ca.gov/Budget/BudgetDocuments.asp>.

CDSS is responsible for the direct operation or supervision of a wide variety of social services and income assistance programs. The Department accomplishes its mission through staff located in offices throughout the state; the 58 county welfare departments; and a host of community based organizations. The programs of this Department are typically managed and funded through a broad-based partnership of federal, state, and county governments. For 2007-08, CDSS will be involved in the delivery of over \$25 billion* in government services and benefits to approximately four million Californians.

The Department administers four major program areas: welfare programs, social services, community care licensing, and disability evaluation. The goals of the Department are to:

- Provide temporary assistance including cash and services to needy families with children to encourage attainment of family self-sufficiency by moving from welfare to permanent work.
- Provide social services to elderly, blind, disabled and other adults and children; protect them from abuse, neglect, and exploitation; and help families stay together.
- Regulate group homes, nurseries, preschools, foster homes and day care facilities and assure that they meet established standards for health and safety.
- Evaluate the eligibility of applicants for federal and state programs to aid the aged and disabled in an efficient and equitable manner.

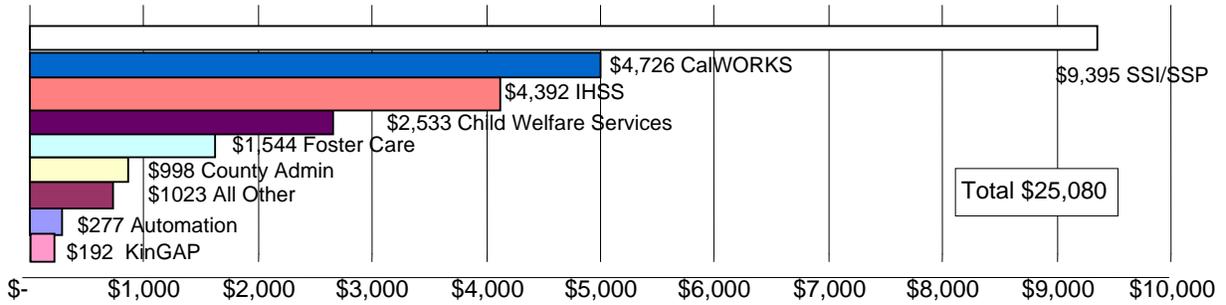
* Includes county funds and Supplemental Security Income Program federal funds.

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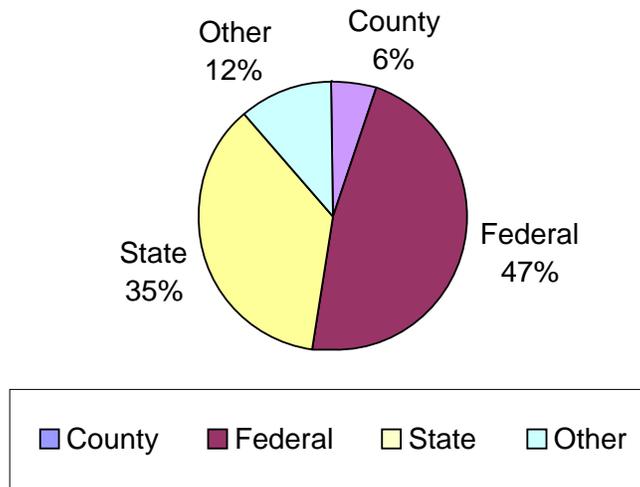
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Local Assistance Expenditures Overview 2007-08

Expenditures by Program (Dollars in Millions)



Expenditures by Fund Source



TWO YEAR BUDGET COMPARISON OF MAJOR PROGRAMS
(Dollars in millions)

	FY 2006-07 Revised	FY 2007-08 Proposed
CalWORKs	\$4,985	\$4,726
Children's Services*	4,890	5,008
CWS	2,510	2,533
Foster Care	1,569	1,544
Kinship-Guardianship	140	192
SSI/SSP	8,729	9,395
IHSS	4,324	4,392
Community Care Lic. (Local Assistance & State Operations)	113	120

* Children's Services includes Child Welfare Services including Adoptions and Child Abuse Prevention, Foster care, Kinship-Guardianship Assistance Payment (Kin-GAP) Program, and the Adoption Assistance Program.

Major Program Final Caseloads

(Average Monthly)					
PROGRAM	ACTUAL CASELOAD 2005-06	ESTIMATED CASELOAD 2006-07	ESTIMATED CASELOAD 2007-08	2006-07 TO 2007-08 CHANGE	
				Number	Percent
CalWORKs/TANF	474,981	467,294	412,574	-54,720	-11.7%
SSI/SSP - TOTAL	1,210,830	1,238,561	1,264,808	26,247	2.1%
SSI/SSP - Aged	358,670	364,882	370,586	5,704	1.6%
SSI/SSP - Disabled	830,471	851,998	872,557	20,559	2.4%
Foster Care	74,627	72,315	69,115	-3,200	-4.4%
IHSS	352,386	374,999	395,100	20,101	5.4%

SIGNIFICANT PROGRAM HIGHLIGHTS

California Work Opportunity and Responsibility to Kids (CalWORKs)

- The caseload is expected to decrease in FY 2007-08 by 11.7 percent over FY 2006-07 primarily due to the proposed CalWORKs changes. The total estimated caseload is 412,574.
- Implementation of a full family sanction policy for cases that have been sanctioned over 90 days will result in a net cost of \$11.4 million in FY 2007-08.
- Implementation of a 60-month time-limit for certain child-only cases where the unaided adult is an undocumented non-citizen, a drug felon, or a fleeing felon will result in the discontinuance of these cases effective November 2007, resulting in \$160 million in grant and administration savings.
- Implementation of a modified Safety Net program which only allows benefits for cases that fully meet the federal work participation requirements will result in the discontinuance of cases that do not fully meet the requirements effective November 2007, resulting in a net savings of \$175.7 million.
- Implementation of the Assembly Bill (AB) 1808 provisions to increase the work participation rate will result in a net fiscal impact of \$73 million.
- Implementation of AB 1808 provisions which ended the policy on durational sanctions results in a grant cost of \$5.9 million.
- The Budget maintains \$230 million in funding to support CalWORKs program improvements and increase the work participation rate.
- The Budget reflects \$40 million in Pay for Performance incentives to be paid in FY 2007-08. The funding for this item was previously held in the FY 2006-07 Temporary Assistance for Needy Families (TANF) Reserve.
- Based on current law, the suspension of the cost-of-living adjustment (COLA) for CalWORKs grants for FY 2007-08 results in a cost avoidance of \$140.3 million.
- The Budget reflects a one-time \$16 million reduction in the CalWORKs Single Allocation that counties may backfill with unspent fraud incentive funds.
- Pursuant to AB 1835, the minimum wage is increased which will result in grant savings of \$23.6 million and administrative savings of \$152,000 due to increased earnings.
- Senate Bill (SB) 1569 extends CalWORKs benefits to certain undocumented non-citizens who are victims of violent crimes resulting in grant costs of \$1.3 million and a net cost of \$1.2 million for services, administration, and child care.

Children's Programs

- The Foster Care caseload is expected to decrease in FY 2007-08 by 4.4 percent over FY 2006-07.
- The Adoption Assistance Program caseload is estimated to increase from 72,803 in FY 2006-07 to 77,602 in FY 2007-08, an increase of 6.6 percent.

- The Budget includes a \$0.2 million General Fund (GF) increase that will allow for Tribes to implement a Child Welfare Services (CWS) Program.
- In FY 2006-07, the Transitional Housing Program (THP) reflects an increase of \$11.9 million GF for transitional housing services for current and former foster youth based on the increased need identified in county THP plans.
- A total of \$61.4 million GF for the CWS Outcome Improvement Project (CWSOIP) flexible funds augmentation and \$12.7 million GF for the County System Improvement Plan activities will be continued in FY 2007-08. The \$12.7 million includes an increase of \$2 million for Probation System Improvement Plan activities

Supplemental Security Income/State Supplementary Payment (SSI/SSP)

- The average monthly caseload is projected to increase from 1,238,561 in FY 2006-07 to 1,264,808 in FY 2007-08, an increase of 2.1 percent.
- The budget includes \$216.7 million GF to provide a 1.2 percent federal COLA and 4.21 percent State COLA to all SSI/SSP recipients.
- The budget includes \$129.5 million GF for the Cash Assistance Program for Immigrants (CAPI). Total funding includes \$46 million for cases becoming eligible due to the end of the 10-year sponsor deeming period and \$1.1 million for services to undocumented immigrants who are victims of human trafficking, domestic violence, or other violent crimes and have applied or will apply for a T or U visa.

In-Home Supportive Services (IHSS)

- Average monthly caseload is projected to increase from 374,999 in FY 2006-07 to 395,100 in FY 2007-08, an increase of 5.4 percent.
- Funding increase for wages and benefits, including the increased state minimum wage.
- State participation in wages will be maintained at the January 10, 2007 wage levels.

Community Care Licensing (CCL) (State Operations and Local Assistance)

- The 2007-08 Budget includes \$4.9 million (\$4.6 million GF) to perform increased annual community care facility inspections and follow up visits.

SUMMARY

CalWORKs

The Budget includes funding for the CalWORKs Program, which was implemented on January 1, 1998 pursuant to Chapter 270, Statutes of 1997 (AB) 1542). CalWORKs is California's version of the federal TANF Program.

A total of \$2.7 billion is included for Assistance Payments. The Budget also provides almost \$1.1 billion to fund the CalWORKs services other than child care. The caseload for CalWORKs will decrease from 467,294 cases in FY 2006-07 to 412,574 in FY 2007-08, a decrease of 11.7 percent, primarily due to implementation of the following CalWORKs changes: a full family sanction policy for cases in sanction status over 90 days, a modified safety net program which provides benefits only for cases that meet federal work participation requirements, and a 60-month time limit for child-only cases where the unaided adult is an undocumented noncitizen, a drug felon, or a fleeing felon.

CHILDREN'S PROGRAMS

The 2007-08 Budget contains approximately \$5 billion in funding for Children's Services. This includes \$2.5 billion for CWS including Adoptions and Child Abuse Prevention, \$1.5 billion for Foster care, \$192 million for the Kinship-Guardianship Assistance Payment (Kin-GAP) Program, and \$739 million for the Adoption Assistance Program. The Adoption Assistance Program caseload is estimated to increase from 72,803 in FY 2006-07 to 77,602 in FY 2007-08, an increase of 6.6 percent.

SSI/SSP - ADULTS – IHSS

The Budget proposes \$5.5 billion in federal funds and \$3.9 billion in GF for SSI/SSP in FY 2007-08 which includes funding for a 2.1 percent increase in caseload. The SSI/SSP caseload is estimated to increase from 1,238,561 in FY 2006-07 to 1,264,808 in FY 2007-08. SSI/SSP grants will increase by \$36 dollars to \$892 for a typical recipient and by \$63 for couples to \$1,565. In addition, \$129.5 million is included for the CAPI.

The Budget includes \$4.4 billion for IHSS and \$88.3 million for Adult Protective Services (APS). IHSS caseload is estimated to increase from 374,999 in FY 2006-07 to 395,100 in FY 2007-08.

AUTOMATION PROJECTS

The 2007-08 Budget includes a total of \$277.5 million for consultant services, technical support and software, continuing maintenance and operation, and implementation for the Statewide Automation Projects. These funds include \$231.6 million for the Statewide Automated Welfare System (SAWS), \$8 million for the Statewide Fingerprint Imaging System (SFIS), and \$37.9 million for the Electronic Benefit Transfer (EBT) program.

The Budget reflects automation costs for TANF Reauthorization and AB 1808 which total \$8.1 million. In addition, the Budget reflects \$10 million (\$3.5 million GF) in costs associated with the Be Vu v. Mitchell court case settlement agreement.

CCL (STATE OPERATIONS AND LOCAL ASSISTANCE)

The 2007-08 Budget includes \$4.9 million (\$4.6 million GF) to perform increased annual community care facility inspections and follow up visits.

❖ CalWORKs Program

Program Description

The CalWORKs Program is California's largest cash assistance program for children and families, providing financial help to families to meet basic needs (shelter, food and clothing) when they are unable to meet those needs on their own. The CalWORKs Program replaced the Aid to Families with Dependent Children (AFDC) Program and represents a welfare system based upon principles that place high value on recipients obtaining work and provides maximum county flexibility in the delivery of services and administration. Eligible families must include a child under age 18 who lacks parental care and support due to absence, death, incapacity or the unemployment of one or both parents. Assistance is specifically time limited and most recipients are required to work or participate in welfare to work activities for a minimum number of hours per week. The necessary supportive services, including child care, are provided to ensure employment is possible.

Major Changes for 2007-08:

CalWORKs Assistance

- The average monthly final caseload is estimated to decrease from 467,294 cases in FY 2006-07 to 412,574 in FY 2007-08, a decrease of 11.7 percent. The FY 2007-08 caseload includes 25,239 in the CalWORKs Safety Net.
- Based on current law, the suspension of the 4.21 percent Maximum Aid Payment (MAP) COLA for CalWORKs grants results in \$140.3 million in grant cost avoidance.
- The Budget assumes certain child-only cases will be subject to a 60-month time-limit with the discontinuance of cases beginning November 2007. This affects cases where the unaided adult is an undocumented non-citizen, a drug felon, or a fleeing felon. The discontinuance of these child-only cases will result in savings of \$150 million in grants.
- The Budget assumes the implementation of a full family sanction policy for noncompliant cases that have been sanctioned over 90 days will begin to affect recipients November 2007 with a twelve-month phase-in. The discontinuance of cases that do not comply with federal work participation requirements will result in grant savings of \$15.4 million.
- Implementation of a modified Safety Net program which provides benefits only for cases that meet federal work participation requirements results in a savings of \$159.4 million in grants from Safety Net cases discontinuing for not fully meeting the federal work participation rate.
- AB 1808 reflects changes in response to the federal Deficit Reduction Act of 2005, which reauthorized the TANF program. The effects of the AB 1808 changes are assumed to increase the work participation rate by four percent in Federal Fiscal Year (FFY) 2007 and an additional six percent by the end of

FFY 2008 for a total of ten percent. The grant savings associated with this increased work participation is \$37.3 million. .

- The 2007-08 Budget reflects grant cost associated with the provisions of AB 1808 which ended durational sanctions and now allow any adult to immediately resolve their sanction status if they meet the Welfare to Work requirements. The grant costs associated with adding the adult back into the assistance unit are \$5.9 million.
- AB 1835 increases the minimum wage from \$6.75 to \$7.50 on January 1, 2007, and to \$8.00 an hour effective January 1, 2008. The increases in earned income results in a grant savings of \$23.6 million in the 2007-08 Budget.
- SB 1569 extends CalWORKs benefits to certain undocumented non-citizens who are victims of violent offenses resulting in grant costs of \$1.3 million.
- The Budget reflects \$40 million in Pay for Performance incentives to be paid in FY 2007-08. The funding for this item was previously held in the FY 2006-07 TANF Reserve.

CalWORKs Services

- Funding for CalWORKs Basic Services costs is budgeted at \$575.4 million.
- The services costs associated with the provisions of AB 1808 to support the increased work participation strategies are \$91.6 million, this includes the continued \$90 million augmentation for CalWORKs improvements and increased work participation rates.
- Services for Safety Net cases are decreased by \$1.7 million due to the discontinuance of cases not meeting the federal work participation requirement.
- Implementation of a full family sanction policy results in a services cost of \$2.7 million.
- Pursuant to SB 1569, certain undocumented non-citizens are extended services at a cost of \$422,000 for FY 2007-08.

CalWORKs Administration

- Funding for CalWORKs Basic Administration is \$612.5 million.
- The continued augmentation of \$140 million to restore basic administration costs.
- The Budget reflects a one-time \$16 million reduction in the County Single Allocation funding which can be backfilled with previously earned fraud recovery incentives that have been allocated to the counties but not spent.
- AB 1835 increases the minimum wage from \$6.75 to \$7.50 on January 1, 2007, and \$8.00 an hour effective January 1, 2008 resulting in a savings of \$152,000 due to cases that will discontinue due to excess earned income.
- The administrative cost associated with SB 1569 for certain undocumented citizens is \$90,000 for FY 2007-08.
- The administrative savings associated with the modification of the safety net program is \$14.6 million.

- Implementation of the time-limits on certain child-only cases will result in administrative savings of \$10 million.
- Implementation of a full family sanction policy will result in administrative savings of \$1.1 million.

CalWORKs Child Care

- Funding for Stage One child care basic services and administration is \$387.0 million, which represents a \$12.8 million decrease over FY 2006-07 due to a caseload decline.
- The transfer of TANF to Title XX for Stage One child care is increased to \$188.9 million. This transfer is maximized in an effort to reduce any federal penalties received for not meeting the federal work participation requirement.
- The Child Care Reserve of \$50.1 million in FY 2007-08 represents a five percent holdback of the estimated need for both Stage One and Stage Two.
- The Budget reflects \$268.9 million of Stage Two child care funding which utilizes Proposition 98 funds in lieu of TANF funds.
- Implementation of a full family sanction policy will result in an increase of \$25.2 million in child care costs.
- The child care costs associated with the provisions of AB 1808 to support the increased work participation strategies are \$16.3 million.

General TANF/ Maintenance of Effort (MOE)

- The Budget includes MOE expenditures in excess of the required level in an effort to achieve a greater caseload reduction credit, as allowed by the federal government. A total of \$203 million in excess MOE expenditures representing funding from the California Department of Education child care and after school programs is included and is expected to increase California's caseload reduction credit up to five percent.

❖ Children's Services

Program Description

Children's Services includes funding for CWS, Adoptions, and the Child Abuse Prevention Program. CWS provides emergency, in-home care and out-of-home care services for abused and neglected children and their families. CDSS meets these objectives by providing a continuum of care with Emergency Response, Family Maintenance, Family Reunification, and Permanent Placement service components.

Major Changes for 2007-08:

- Funding of \$0.2 million GF to provide California Tribes start-up funding beginning in FY 2007-08 for three years that allow them to establish their own CWS program. The funding reflects the costs for the Karuk Tribe who is currently negotiating an agreement.

- A total of \$19.0 GF is included to provide Transitional Housing services to youth 16-24 who are anticipated to or have emancipated from foster care. This includes additional funds added in FY 2006-07 to cover costs for the increased need identified in the county Transitional Housing Plans.
- A total of \$61.4 million GF will be continued for the CWS Outcome Improvement Project (CWSOIP) flexible funding augmentation and \$12.7 million GF for the CWSOIP for county system improvement activities. Of the \$12.7 million GF, an additional \$2.0 million GF is for County Probation Department system improvement activities designed to improve outcomes for children and families under jurisdiction of the juvenile justice system and placed in out of home care by Probation. This is necessary to meet the federal Children and Family Services Review requirements.

❖ **Kinship-Guardianship Assistance Payment (Kin-GAP) Program**

Program Description

The Kin-GAP Program is intended to enhance family preservation and stability by recognizing that many foster children are in long-term, stable placements with relatives and that these placements are the permanent plan for the child. The Kin-GAP Program provides a subsidy for a dependent child who has been living with a relative for at least twelve months if the relative assumes guardianship.

Major Changes for 2007-08:

- The Budget includes total funding for Kin-GAP of \$5.2 million in FY 2007-08 due to an October 1, 2006, implementation of the Enhanced Kin-GAP program.
- The average monthly Kin-GAP caseload will significantly decrease in FY 2007-08 due to cases transferring to the Enhanced Kin-GAP program.

Enhanced Kin-GAP Program:

- The budget includes total funding of \$186.6 million in FY 2007-08 to establish the new Enhanced Kin-GAP Program. Funding will be GF and County. The portion previously funded using TANF block grant funds will now be paid using GF and will count toward the State's MOE requirements.
- The Enhanced Kin-GAP program will fund clothing allowance and specialized care costs for existing KinGAP and new Enhanced Kin-GAP cases that shift from the foster care program.

❖ **Foster Care Program**

Program Description

The Foster Care Program provides support payments for children in out-of-home care. This program is administered by the counties in accordance with regulations, standards, and procedures set by CDSS as authorized by law.

Major Changes for 2007-08:

- Average monthly caseload is projected to decrease from 72,315 in FY 2006-07 to 69,115 in FY 2007-08.
- The GF backfill for the repayment of disallowed Title IV-E federal funds will end in FY 2006-07, therefore \$8.4 million GF will not be needed in FY 2007-08.

❖ **California Food Assistance Program (CFAP)**

Program Description

CFAP was established in response to the major non-citizen eligibility cuts made to the Food Stamp Program as part of the federal welfare reform of 1996. The Food Stamp Reauthorization Act of 2002 (HR 2646) restores federal eligibility for disabled legal non-citizens, legal non-citizens who have been in the country five years or more and all non-citizen children (with varying effective dates).

Major Changes for 2007-08:

- The 2007-08 Budget includes \$27.2 million for CFAP coupons.

❖ **County Administration and Automation**

- The 2007-08 Budget includes \$964.1 million in funding to counties for administering the Foster Care, Food Stamps, and Refugee Cash Assistance programs.
- In addition there is \$277.5 million for automation projects in FY 2007-08.
- The automation reprogramming costs associated with TANF Reauthorization changes associated with AB 1808 result in a cost of \$2.6 million.

❖ **SSI/SSP**

Program Description

The SSI/SSP Program provides cash grant assistance to aged, blind or disabled persons who meet the program's income and resource requirements. The SSI/SSP Program is administered by the federal Social Security Administration, which determines eligibility, computes grants and disburses the combined monthly payment to recipients. California supplements the federal SSI payment with an SSP payment.

Major Changes for 2007-08:

- Average monthly caseload is projected to increase from 1,238,561 in FY 2006-07 to 1,264,808 in FY 2007-08, an increase of 2.1 percent.

- The State and federal COLAs scheduled for January 1, 2008, will be provided at a cost of \$216.7 million GF.
- The typical SSI/SSP recipient will experience a \$36 increase in benefits from \$856 to \$892, and couples will receive an increase of \$63 in benefits from \$1,502 to \$1,565.
- Total CAPI funding of \$129.5 million includes \$46 million for cases becoming eligible due to the end of the 10-year sponsor deeming period and \$1.1 million for services to undocumented immigrants who are victims of human trafficking, domestic violence, or other violent crimes and have applied or will apply for a T or U visa.

❖ IHSS

Program Description

The IHSS Program provides specified supportive services to enable eligible persons to remain in their own homes as an alternative to out-of-home care. Eligible persons are aged, blind, or disabled recipients of public assistance and similar persons with low incomes. Services include: domestic services and other related services such as meal preparation, laundry, shopping and errands; personal care services; assistance while traveling to medical appointments or to other sources of supportive services; protective supervision; teaching and demonstration directed at reducing the need for supportive services; and certain paramedical services ordered by a physician.

Major Changes for 2007-08:

- Average monthly caseload is projected to increase from 374,999 in FY 2006-07 to 395,100 in FY 2007-08, an increase of 5.4 percent.
- Funding has been increased for wages and benefits, including increases due to the higher state minimum wage.
- State participation in wages will be maintained at the January 10, 2007 wage levels.

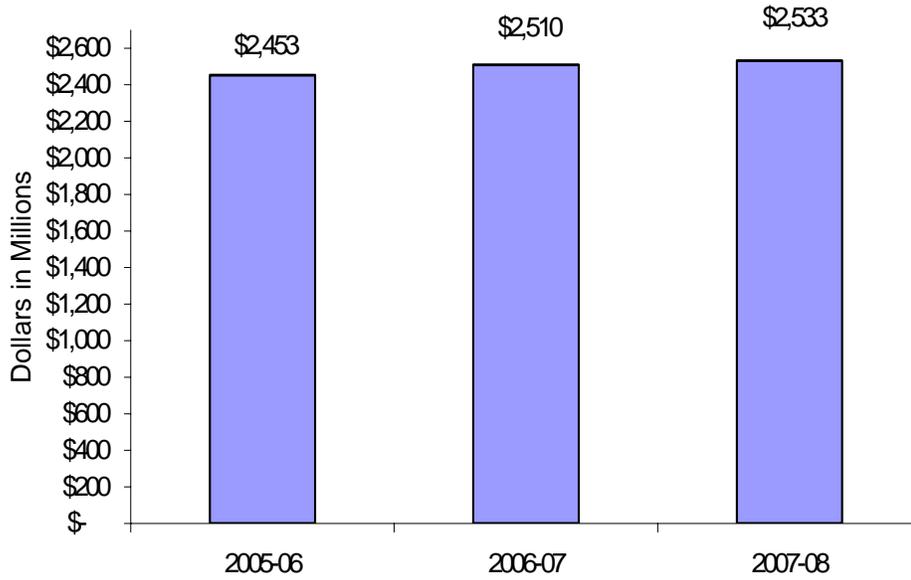
❖ **153 - Title IV-E Waiver**

The 2007-08 Budget reflects \$988.1 million (\$306.6 million GF) for the Title IV-E Child Welfare Waiver Demonstration Capped Allocation Project (CAP) that allows Title IV-E funds, which are restricted to pay for board and care costs and child welfare services administration, to be used for services and supports in order to avoid the over reliance on out-of-home care and reunify families more expeditiously.

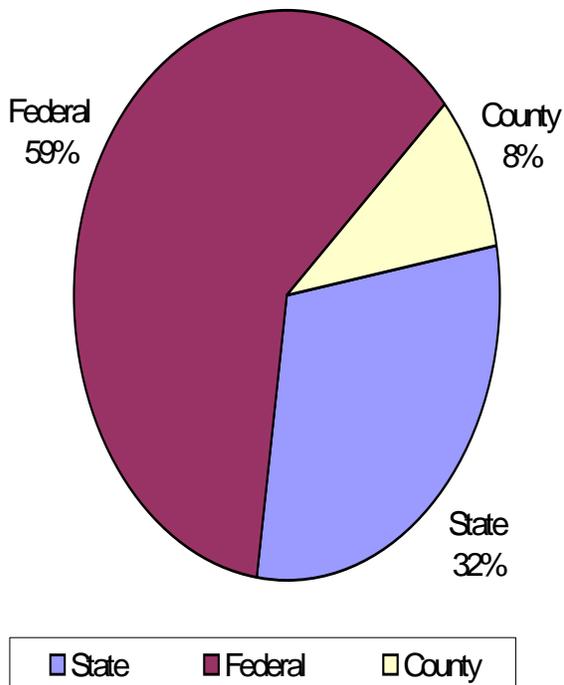
The intent of the CAP is to test a "capped allocation" strategy which would block grant a portion of the federal Title IV-E and State GF Administrative and Assistance costs. The budget has been broken out to show funding for the two participating counties, Alameda and Los Angeles, that would have been included in Budget Items 101, 141, and 151 absent the CAP, as well as the adjustment for growth provided through the CAP to the participating counties.

Child Welfare Services

Three Year Comparison of Local Assistance Expenditures

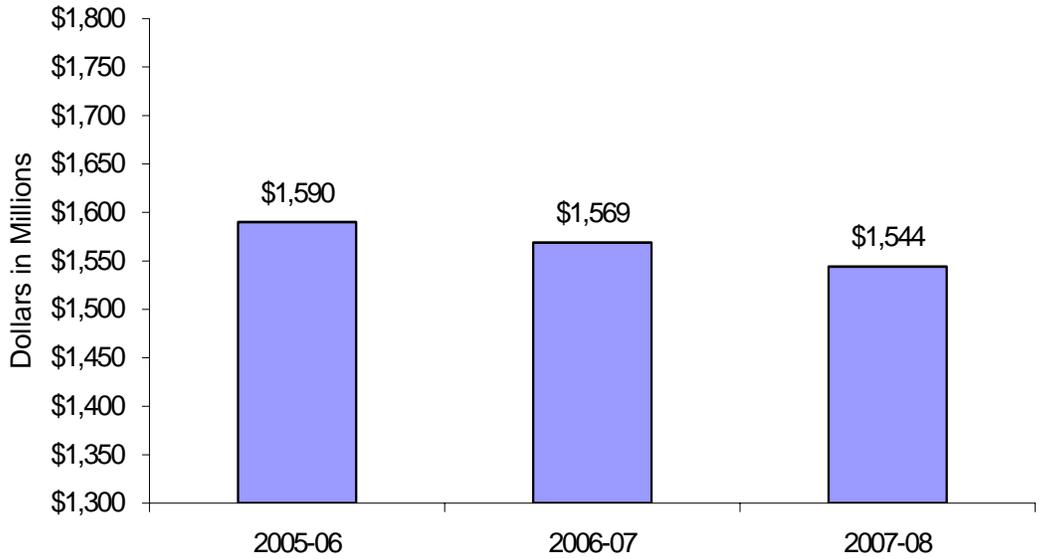


Fund Sources 2007-08

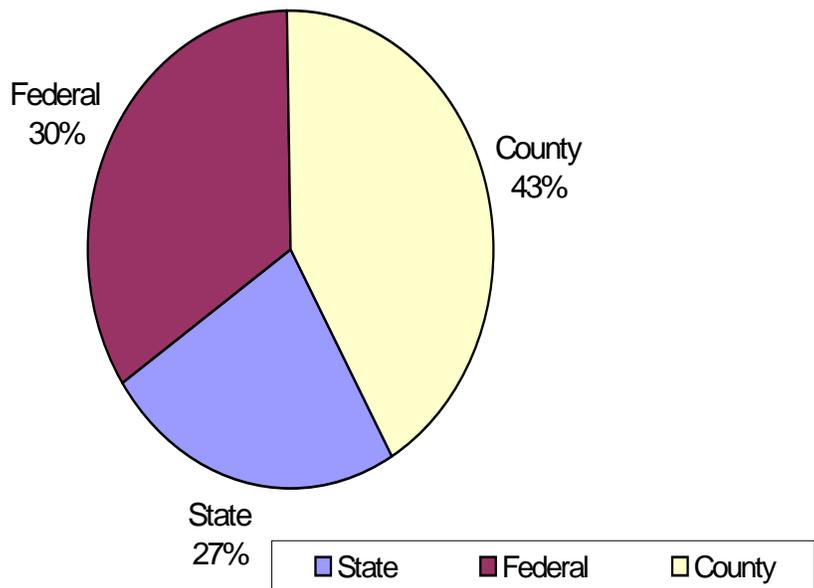


Foster Care

Three Year Comparison of Local Assistance Expenditures

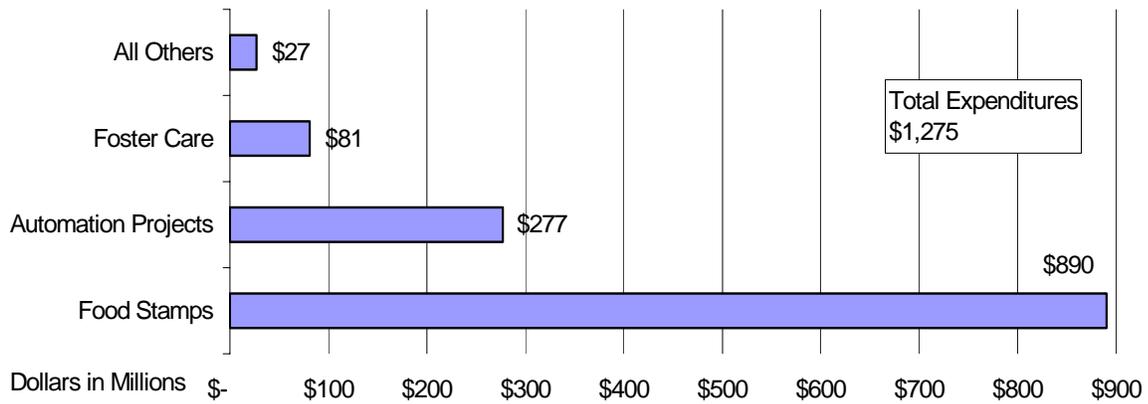


Fund Sources 2007-08

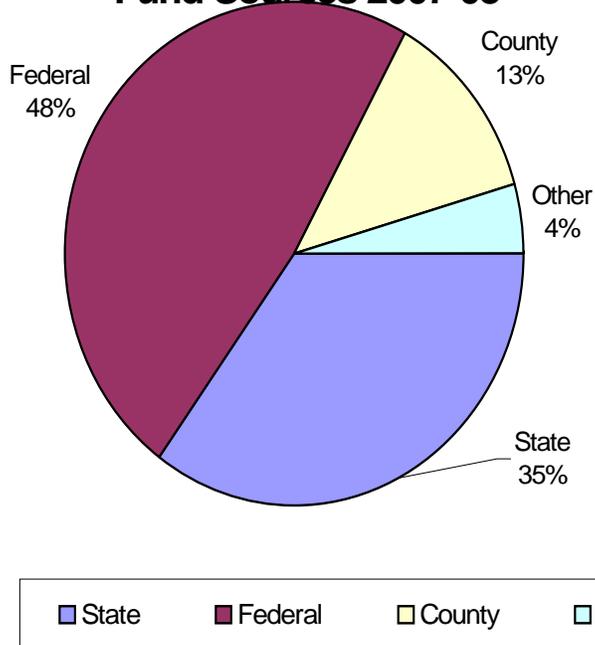


County Administration and Automation Projects

Local Assistance Expenditure by Program Dollars in Millions

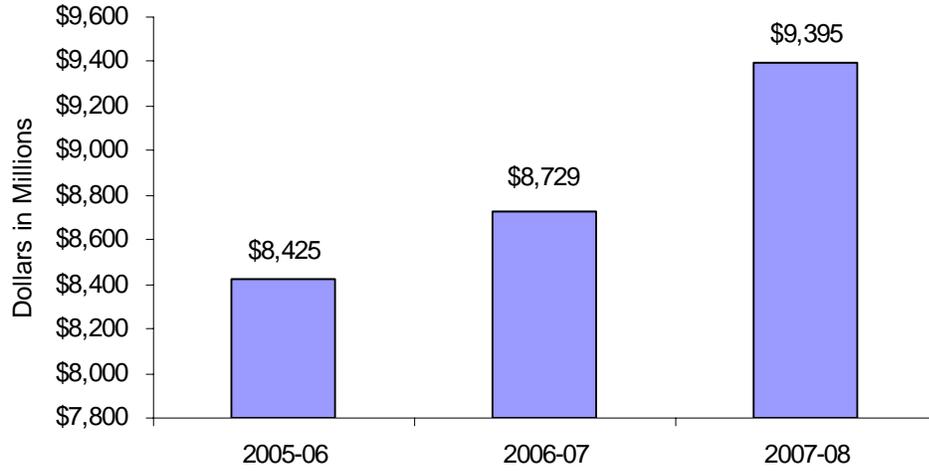


Fund Sources 2007-08

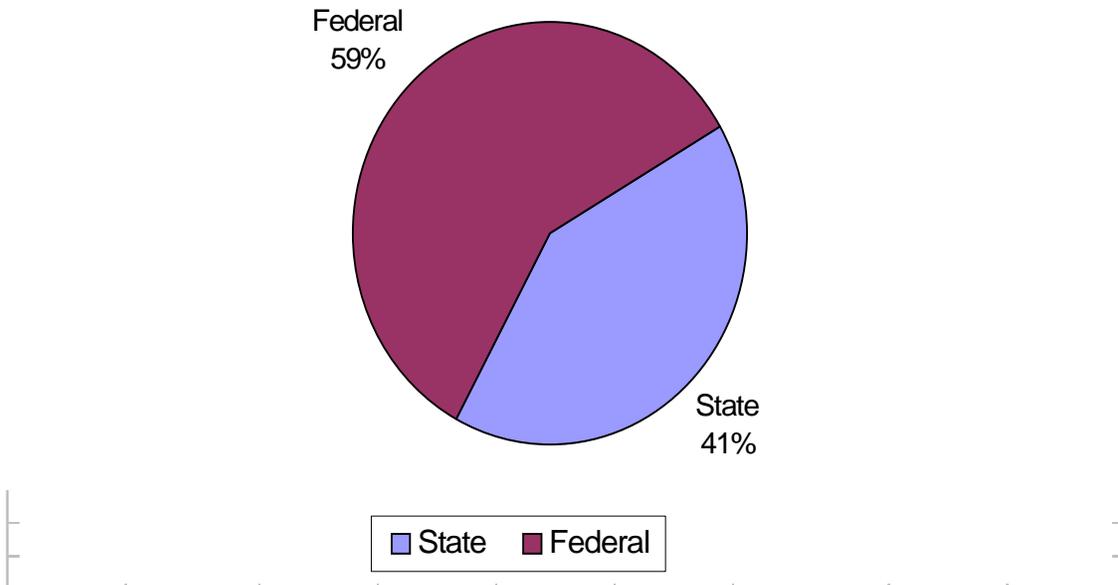


Supplemental Security Income/State Supplementary Payment

Three Year Comparison of Local Assistance Expenditures

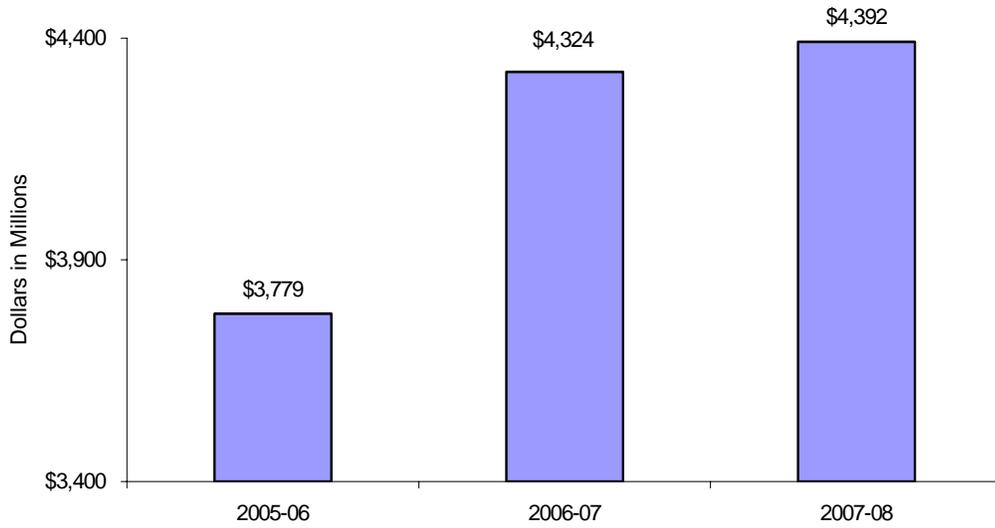


Fund Sources 2007-08



In-Home Supportive Services

Three Year Comparison of Local Assistance Expenditures



Fund Sources 2007-08

